

Statement by Cong. Henry A. Waxman
Hearing of the Subcommittee on Health
“Medicare Modernization: Examining the President’s Framework
July 26, 2001

Secretary Thompson, I’m pleased to see you here today to elaborate for the Subcommittee on the principles announced by the President for changes in the Medicare program.

In my view, those principles provide little real information on the kind of changes this Administration has in mind. On the one hand, they reflect what we might call universal truths--things that nobody could disagree with:

- we’re all for high-quality health care.
- we’re all for strengthening the management of the program so that it can provide better care, and for reducing fraud and abuse.
- we’re all supportive of preventive care.
- and we all agree that seniors need a subsidized prescription drug benefit as part of a modernized Medicare.

But of course, the devil is in the details. And those are pretty scarce.

It's great to be for better coverage of preventive care, but where is the commitment in the budget to pay for it? Should we assume you want to reduce the coverage of current benefits—or increase the deductible and cost-sharing obligations of the current program—to pay for those preventive services? That might not be such a good deal.

It's also welcome to know that the President endorses a subsidized drug benefit for all seniors. But frankly, it's hard to tell what the Administration has in mind.

Could this mean a plan where Medicare beneficiaries have to rely on private insurers to provide them prescription drug benefit coverage, even though the insurance industry itself said it wouldn't offer such plans? Or has the President decided that kind of limited proposal wouldn't be acceptable? You can't tell from his principles. But it's going to make a big difference to the people who need help.

Then there's the issue of the so-called modernization of Medicare. You say that current beneficiaries and those approaching retirement should have the option of keeping the traditional plan. Does that mean that there is no commitment to keeping the traditional plan for others? Is it your intention to let it wither on the vine, to use the phrase of one of our former Republican colleagues?

You indicate that Medicare should provide a variety of health insurance options. But is there any commitment to assure that beneficiaries would always have the option to pick traditional Medicare if they want it, and would they have an assurance that they wouldn't be stuck paying higher premiums because the good risks have been siphoned off to private plans?

And for beneficiaries who do chose traditional Medicare—and frankly, I think most of them will, do you intend to assure that they have access to a guaranteed defined set of drug benefits as part of traditional Medicare or not?

There's a lot of important questions here, and unfortunately the President's principles give us—and more importantly, the American people—very little indication of what he really supports.

In fact the only thing you've been specific about is the public endorsement of private drug discount cards. And that raises very serious questions about putting a Medicare seal of approval on private cards that may or may not deliver what they promise to people.

The studies my staff have done at the Government Reform Committee indicate that the savings are nowhere near to what the hype has been. In fact, the programs we looked at deliver only a few percentage point savings--less of a discount than you could get without any card--or paying an enrollment fee--at all.

All of this raises in my mind some pretty serious questions about why the President hasn't been more specific about what his plan is. Is it that this Administration really doesn't know what kind of a plan it favors, that it hasn't even come to grips with the broad outline, let alone the details? Or is it simply that you are unwilling to expose your plan to any detailed scrutiny?

I hope today we can begin to understand better what this Administration really intends to do to the Medicare program that 40 million beneficiaries rely on.

I hope we can get some clarity on exactly what the commitment is to provide a specific and guaranteed prescription drug benefit to all Medicare beneficiaries, not as a lever to force them out of traditional Medicare, but as an improvement which assures that traditional Medicare better meets their health care needs.

I look forward to your answers today, and many more specifics in the future. Thank you.